

UNITED STATES BANKRUPTCY COURT  
WESTERN DISTRICT OF NORTH CAROLINA  
CHARLOTTE DIVISION

TRANSCRIPT OF PROCEEDINGS  
BEFORE THE HONORABLE J. CRAIG WHITLEY,  
UNITED STATES BANKRUPTCY JUDGE

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1                   P R O C E E D I N G S

2                   THE COURT: Start with an administrative question.

3                   We have what are at the moment two separate cases on  
4 the docket today with some joint motions, some separate  
5 motions. The clerk had the question of how to have a decent  
6 recording for you this morning. As you know, we electronically  
7 record and offer playback function on, on our hearings and we'd  
8 rather a person wanting to hear some of this not have to listen  
9 to three or four hours of talk.

10                  So the question I have before we announce appearances  
11 is a batting order question. What would y'all like to do first  
12 or which case?

13                  Mr. Clodfelter?

14                  MR. CLODFELTER: Your Honor, I'm Dan Clodfelter,  
15 Parker Poe Adams & Bernstein, appearing in an unexpected role  
16 as counsel for the pre-petition debtor, OldCo, LLC, and  
17 proposed bankruptcy counsel for that debtor entity.

18                  We would propose -- we've discussed this with, with  
19 Mr. Miller and with other interested parties -- propose this  
20 morning to do the OldCo case agenda first. These are all  
21 first-day motions.

22                  THE COURT: Uh-huh (indicating an affirmative  
23 response).

24                  MR. CLODFELTER: Some of them are joint motions,  
25 jointly filed in the Garlock case. I think we can expedite

1 matters in the Garlock case if we do the OldCo first-day  
2 motions first and then move to the Garlock case second where  
3 there are some contested matters.

4 THE COURT: Okay. And the matters that are joint, the  
5 joint administration motions, the joint motions, we, we  
6 basically take them second before the Garlock, the pure Garlock  
7 motions?

8 MR. CLODFELTER: Your Honor, our proposal is, we think  
9 a logical sequence, actually, would be to deal with them in the  
10 sequence they're on the agenda that we submitted to the Court  
11 in the OldCo case and although it may complicate the recording,  
12 Mr. Miller and I have discussed the fact that we may, it may be  
13 most efficient in terms of court time, if not recording time,  
14 for us to make the presentation on the joint motion that's also  
15 in the Garlock case and then have Mr. Miller address --

16 THE COURT: Okay.

17 MR. CLODFELTER: -- any supplemental comments he may  
18 wish to make with respect to Garlock.

19 THE COURT: Any preference from the parties as to how  
20 we announce for this? Do you just want to have one large  
21 announcement and I suppose if any of you are appearing only in  
22 one case you could say so and otherwise, we'll presume you're  
23 in both? Has anyone got other thoughts or beliefs of how we  
24 should approach this?

25 (No response)

1                   THE COURT: Okay.

2                   All right. Well, let's just start. For present  
3 purposes, I'm going to call both cases, the OldCo, LLC case and  
4 also the Garlock Sealing Technologies cases and for at least  
5 the moment for purposes of announcing appearances we will, we  
6 will be in both cases and then we will talk about the OldCo  
7 matters first and then go back to the contested Garlock  
8 matters.

9                   So if you will, now's the time to announce and if  
10 you're only in one of the cases, please say so. Otherwise, I'm  
11 going to assume you're in both, all right?

12                  Mr. Clodfelter.

13                  MR. CLODFELTER: Your Honor, I am, to repeat, Dan  
14 Clodfelter of Parker Poe Adams & Bernstein. I am pre-petition  
15 counsel to OldCo, LLC, which is the successor by merger to  
16 Coltec Industries, Inc., and proposed bankruptcy counsel  
17 subject to retention application submitted for OldCo as debtor  
18 and debtor in possession. I'm appearing in an unexpected way  
19 this morning, but I'll be calling on Mr. Grier and Mr. Moon, to  
20 the extent I need assistance.

21                  THE COURT: Okay.

22                  MR. SCHILLI: Good morning, Your Honor. David Schilli  
23 with Robinson, Bradshaw & Hinson and with me is Andy Tarr. We  
24 are -- we have appeared only at this point in the OldCo case,  
25 but we are the proposed special counsel for OldCo, LLC as

1 successor by merger to Coltec Industries, Inc. And we have  
2 filed this morning a retention application.

3 Thank you.

4 MR. KRISKO: Thank you, Your Honor. Jonathan Krisko  
5 from Robinson, Bradshaw & Hinson appearing on behalf of  
6 proposed, as proposed special counsel to OldCo as well. Also,  
7 I'm appearing on behalf of Garlock.

8 THE COURT: Okay.

9 MR. MILLER: Morning, Your Honor. Jack Miller,  
10 Rayburn Cooper & Durham, appearing only for Garlock Sealing  
11 Technologies and their, Garrison and Anchor in the Garlock  
12 cases.

13 MS. KENNY: Morning, Your Honor. Alex Kenny for the  
14 Bankruptcy Administrator's Office.

15 THE COURT: Okay. You're in both, Ms. Kenny, right?

16 MS. KENNY: Yes, Your Honor.

17 THE COURT: Okay.

18 Mr. Guy.

19 MR. GUY: Good morning, Your Honor. Jonathan Guy for  
20 Joseph Grier, the Future Claimants' Representative in the  
21 Garlock case and proposed Future Claimants' Representative in  
22 the new Coltec case. I'm here with my colleague, Mr. Beaman.

23 MR. SWETT: Good morning, Your Honor. Trevor Swett  
24 and Jeffrey Liesemer, along with Tom Moon, for the Garlock ACC  
25 and we are proposed counsel for what is supposed to be a

1 unified ACC for both cases.

2 THE COURT: All right.

3 Anyone else announcing?

4 Yes?

5 MR. FINCH: Yes. Nate Finch from Motley Rice, Your  
6 Honor, for Motley Rice Canadian clients only for the Garlock  
7 case.

8 THE COURT: All right.

9 Anyone else announcing in the courtroom?

10 (No response)

11 THE COURT: Are there any telephonic appearances?

12 (No response)

13 THE COURT: Okay.

14 All right. Ready to go. Since there were no  
15 objections to proceeding in the order as proposed by  
16 Mr. Clodfelter, let's go back there.

17 Lead off.

18 MR. CLODFELTER: Thank you, Your Honor.

19 This morning, we are here to take the next step in the  
20 resolution of a procedure that began in June of 2010 with the  
21 filing of the Garlock, Garrison, and Anchor chapter 11 cases  
22 and today we're here on first day or, more strictly speaking,  
23 second-day motions in the bankruptcy case filed by OldCo, LLC.  
24 I'm going to -- we're going to try this and we'll see what  
25 works. I'm going to refer to the debtor in this case as

1 Coltec. It is the successor by merger to Coltec Industries,  
2 Inc. Your Honor's familiar with Coltec.

3 THE COURT: Uh-huh (indicating an affirmative  
4 response).

5 MR. CLODFELTER: It is the former parent of Garlock  
6 Sealing Technologies. It is still the parent of Garrison  
7 Litigation Management, Ltd. and, indirectly, it is the ultimate  
8 parent entity for Garrison's subsidiary, the Anchor Packing  
9 Company. I think it may be simplest for us to refer to the  
10 debtor as Coltec even though it's now known by a different name  
11 and to the extent we need to refer to OldCo's current parent  
12 entity, a newly formed corporation from recent vintage, we'll,  
13 we'll call that New Coltec or EnPro Holdings. With that,  
14 we'll, we'll move forward.

15 But we're here, again, to take the next step in that  
16 6-1/2 year saga, which we hope will conclude in 2017 with the  
17 confirmation of a plan of reorganization jointly for the  
18 Garlock debtors, I'll call them, and for Coltec whereby all of  
19 those companies resolve their liabilities arising from or  
20 related to the manufacture and sale of asbestos-containing  
21 products. It's been a long saga. The Court is familiar with a  
22 great deal of it and I'm not going to spend a lot of time this  
23 morning on history. Let me start with a couple of procedural  
24 matters and then I'm going to give an overview that we think  
25 will be, some points we want to capture that will undergird,

1 essentially, all of the first-day motions that we have to make.

2 First off, I hope the Court has access to the notice  
3 of proposed agenda.

4 THE COURT: I do.

5 MR. CLODFELTER: We propose to follow the motions in  
6 the sequence of that agenda with one exception. We're going to  
7 probably take Matter No. 10 before Matter No. 9. Mr. Schilli,  
8 who will be handling both of those motions, will speak to the  
9 reason for that. It's a more logical sequence, really, to do  
10 it. But otherwise, we will follow the, the sequence on the  
11 agenda. I'll be presenting the first six matters and then  
12 Mr. Schilli and Mr. Krisko will take us home on the remaining  
13 matters on the agenda.

14 Your Honor, pursuant to a motion which the Court  
15 granted on an ex parte basis notice of these motions today was  
16 provided to the Ad Hoc Asbestos Claimants' Committee. That's  
17 the Coltec Ad Hoc Asbestos Claimants' Committee. We'll say  
18 more about that group later. It was provided to the Garlock  
19 Asbestos Claimants' Committee. It was provided to Mr. Grier as  
20 FCR in the Garlock cases and proposed FCR in the Coltec case.  
21 Notice was provided to the Bankruptcy Administrator, to parties  
22 on the master service list in the Garlock cases, and any  
23 parties requesting notice under Rule 2002. We filed with the  
24 court a Certificate of Service on notice matters and I believe  
25 notice was duly and properly given as, as instructed by the

1 Court.

2 Let me also say that, in addition to that, we have  
3 circulated among the parties in advance, as, as we were able to  
4 do so as we prepared them, drafts of these motions and the  
5 proposed orders and have received comments, which we have tried  
6 diligently to incorporate in the motions as they are filed and  
7 before the Court this morning. I'll let parties speak up if  
8 they think we've gotten anything wrong or missed or omitted  
9 anything, but we think we've faithfully adhered to the  
10 comments.

11 In addition to that, last week we met with Ms. Simpson  
12 and Ms. Kenny to explain to the Bankruptcy Administrator the  
13 motions we propose to bring forward this morning and to answer  
14 any questions that they might have about the first-day motions  
15 and try to address any concerns that they might have. As well,  
16 we have tendered to the Bankruptcy Administrator a proposed  
17 standard operating order for the case which conforms to the  
18 relief we're requesting this morning from Your Honor, if the  
19 motions are, in fact, granted as requested, and we've worked  
20 out the form of a standard operating order with the Bankruptcy  
21 Administrator's Office. Ms. Kenny is here and I know we'll,  
22 we'll speak to any matters that are lingering or of concern to,  
23 to the Bankruptcy Administrator.

24 Your Honor, I think that takes care of the question of  
25 notice of the motions today. Let me talk briefly about the

1 record and then move into an overview on the motions.

2 We are relying for our record on the declaration of  
3 Mr. Joseph Wheatley, which has been filed in the case.

4 Mr. Wheatley is a, one of the managers of Coltec and is the  
5 president and treasurer of Coltec. We don't propose to put him  
6 on the stand for testimony, but we would rely upon his filed  
7 declaration.

8 And in addition to that, Your Honor, in order to try  
9 to speed things up this morning we're going to ask that the  
10 Court take judicial notice of all the proceedings that the  
11 Court has presided over in the Garlock Sealing Technologies  
12 case and the Garrison and Anchor cases. We're going to presume  
13 the Court will take notice of those and, and avoid having to  
14 reintroduce those matters into the record of this case this  
15 morning.

16 THE COURT: Objection by anyone on the evidentiary  
17 side of this in terms of relying on the Wheatley declaration  
18 as, as the movant's evidence and judicial notice in the Garlock  
19 case?

20 MR. GUY: No objection from the FCR, Your Honor.

21 MR. SWETT: No, sir.

22 THE COURT: All right. We're all good.

23 Go ahead, Mr. Clodfelter.

24 MR. CLODFELTER: Very good. Thank you, Your Honor.

25 Let me -- I want to start with a couple of broad

1 propositions that undergird the motions that we have today,  
2 especially, they're especially important to those motions that,  
3 in which the debtor is asking to vary or modify what would  
4 otherwise be standard operating rules --

5 THE COURT: Uh-huh (indicating an affirmative  
6 response).

7 MR. CLODFELTER: -- or operating practices and  
8 procedures in this, for purposes of this chapter 11 case. And  
9 I think, as the Court hears the various motions, these will be  
10 important to keep in mind because, again, they are the factual  
11 predicate or the substantive predicate for the relief that's  
12 being requested by several of the later motions we'll hear this  
13 morning.

14 The first of those items is just a reminder about the  
15 pre-petition claims history of Coltec. The Court knows from  
16 prior proceedings in the case that the claims history of Coltec  
17 as a potential or actual defendant in asbestos litigation has  
18 been completely and intimately intertwined with that of the  
19 Garlock debtors. In fact, they're almost inseparable. As the  
20 Court will recall from prior presentations, although Coltec has  
21 been exposed to thousands, tens of thousands of claims over the  
22 course of, of the years, it has paid modest defense costs for  
23 those claims and has never paid an indemnity on account of  
24 those claims, all such claims having been resolved as part and  
25 parcel of the resolution of claims made against one or more of

1 the Garlock debtors. The intertwined history, claims history  
2 of this debtor and the existing Garlock debtors, we think, is  
3 an important factual predicate for this morning's motions.

4                 The second predicate is that the operations of this  
5 debtor are very simple compared to many debtors who appear  
6 before Your Honor in chapter 11 cases. OldCo as a result of  
7 the Coltec reorganization, which has now been consummated -- it  
8 was consummated finally on December 31, 2016 -- OldCo now  
9 consists of a company whose primary operation is EnPro, what  
10 used to be called EnPro Learning Systems. It was a subsidiary  
11 of Coltec. It has now been merged into Coltec and operates as  
12 an operating division of that company.

13                 In addition to that, Coltec owns still the equity  
14 interest in the Garrison Litigation Management debtor and also  
15 is the beneficiary of several agreements with its new corporate  
16 parent, EnPro Holdings, Inc., which provide a source of funding  
17 to support the debtor's operations.

18                 So we have a very streamlined debtor here which, for  
19 many purposes, we think, will support a lot of the relief that  
20 we're requesting in later motions.

21                 This debtor, as the Court knows, is also a co-  
22 proponent of the modified joint plan of reorganization that was  
23 filed in the Garlock cases and has been co-proponent in the  
24 original negotiation and formulation of the, of that plan and  
25 in the filing of that plan last summer.

1           As the Court also knows from prior proceedings, the  
2 Garlock case that was a pre-packaged plan as to Coltec, we've  
3 now completed the solicitation of acceptances and I think, as  
4 appears in the motion papers, the balloting that concluded in  
5 December of last year resulted in over 95 percent by both  
6 number and an amount of acceptance by claimants against Coltec  
7 and also by claimants against the Garlock debtors of that  
8 proposed joint plan of reorganization. Under that plan, under  
9 that plan, the claims against this debtor, Coltec, and the  
10 claims against the Garlock debtors will be channeled to a  
11 single combined trust for all debtors and will be reviewed and  
12 paid in accordance with a single set of substantive and  
13 procedural criteria that will apply to all claimants alike,  
14 whether their claims arise out of exposure to products of the  
15 Garlock debtors or out of alleged exposure to products that  
16 were manufactured or sold by former subsidiaries or affiliates  
17 or divisions of the Coltec debtor.

18           So there is a unity, again, and continuing that pre-  
19 petition practice, there was an unity of interest and a unity  
20 of treatment in the case.

21           And the last overview point I'll provide to the Court  
22 is this: Under the joint plan of reorganization of which this  
23 debtor is a co-proponent -- and I should, I should say  
24 procedurally we have filed a joint plan in this case. It was  
25 filed along with the first, the petition and first-day motions.

1 So that plan is now filed in the case -- under that plan, under  
2 that plan, all claims against this debtor, Coltec, will pass  
3 through the bankruptcy except for asbestos claims, which will  
4 be channeled. All other claims will pass through the  
5 bankruptcy unimpaired, unaffected, and will be assumed by the  
6 reorganized debtor. And we think that's an important context  
7 point to keep in, in mind when the Court considers some of the  
8 variations that we're asking for standard operating procedures  
9 and standard practices.

10 With that overview, Your Honor, I'm going to not go  
11 back and rehearse the history of the Coltec restructuring. We  
12 were last before you on December the 16th in the Garlock cases  
13 and at that time Mr. Cassada, I think, walked the Court through  
14 the --

15 THE COURT: Sure.

16 MR. CLODFELTER: -- Garlock restructuring.

17 I do have available, if the Court needs it or wants to  
18 refer to it, the slide deck that Mr. Cassada used on December  
19 16th. I don't propose to repeat any of that unless the Court  
20 has a particular need for it.

21 THE COURT: No. I still have it as well.

22 So thank you.

23 MR. CLODFELTER: Thank you. Thank you, Your Honor.

24 With that, then, I'll move into the first of the  
25 motions that we have on this morning and that is a motion that

1 is jointly filed in this case and in the Garlock cases for  
2 joint administration of this case with the Garlock cases under  
3 Rule 1015(b). And again, I -- I -- I hesitate to say too much  
4 about these motions because I think the predicate I've set  
5 already in the opening overview gives a sufficient basis for  
6 it, for the motion itself. It would be terribly confusing,  
7 frankly, if at this point, at this stage of the game, at this  
8 late day, we began to maintain separate dockets, separate  
9 notices, separate hearings, and separate filings. It'd be  
10 tremendously complex for the Court and for the parties, for the  
11 clerk's office.

12                 And so, Your Honor, we would tender the motion to the  
13 Court on the papers as filed and see if the Court has any  
14 question about the motion for joint administration. I should  
15 say we would use the Garlock case, as we have used for the  
16 Garrison and Anchor cases, we would use the Garlock case as the  
17 lead case for the Coltec debtor as well.

18                 THE COURT: Any parties wish to speak to the motion?

19                 (No response)

20                 THE COURT: All right. It's approved.

21                 MR. CLODFELTER: Your Honor, I don't know if  
22 Mr. Miller wants to say anything about the, whether that motion  
23 should be approved in the Garlock case.

24                 MR. MILLER: No comments, Your Honor. We're joint  
25 proponents and so we would move as well.

1 MR. CLODFELTER: Okay.

2 THE COURT: All right. If -- you only need to speak  
3 up if you want to speak in opposition to the motion or, or  
4 correct or augment what has been said. Me tooos aren't  
5 necessary. I'm assuming that at this point.

6 All right.

7 MR. CLODFELTER: Thank you, Your Honor.

8 With that, we'll move to the second item is, again, a  
9 motion filed jointly in the Coltec case and in the Garlock  
10 debtors cases. It's a motion to constitute and to appoint a  
11 committee to represent asbestos claimants in the Coltec case.  
12 The joint motion is to also have that reconstituted committee  
13 function as, continue to function as the committee representing  
14 asbestos claimants in, in the Garlock cases. This is not only  
15 filed jointly in the two cases, but it's also jointly filed by  
16 the debtor in this case and by two other groups, the Ad Hoc  
17 Committee of --

18 THE COURT: Uh-huh (indicating an affirmative  
19 response).

20 MR. CLODFELTER: -- representing Coltec claimants and  
21 the Official Committee representing the Garlock asbestos  
22 claimants.

23 Your Honor, when we began negotiations approximately a  
24 year ago now leading to the formulation of the joint plan there  
25 was a need, of course, to constitute a group of parties who

1 would represent the interests of, of the Coltec asbestos  
2 claimants to the extent they were not coterminous with the  
3 interests of Garlock claimants. And so under the leadership of  
4 the Asbestos Claimants' Committee in the Garlock cases an ad  
5 hoc committee was constituted consisting of six law firms who  
6 represented clients, all of whom had filed or had asserted  
7 claims against Coltec alleging exposure to the products of  
8 Coltec divisions or subsidiaries and had done so before the  
9 filing of the Garlock bankruptcy. They had filed those claims  
10 or asserted those claims before that point at which point, the  
11 Court will recall, Judge Hodges entered a stay staying  
12 litigation against the affiliates, including against Coltec, in  
13 order to preserve the benefit of insurance for the Garlock  
14 debtors.

15 So that committee of six attorney, six firms  
16 functioned as an ad hoc committee to negotiate on behalf of and  
17 to represent the interests of the Coltec asbestos claimants. I  
18 should add that all but one of those law firms also represented  
19 members of the Official Committee of Asbestos Claimants in, in  
20 the Garlock cases. And so there was, again, a substantial  
21 overlap because they were also representing Garlock claimants  
22 and constituted the Official Committee.

23 We're asking today -- the six firms -- just -- I'm,  
24 I'm not going to go through all of the details -- they're  
25 identified in Paragraph 17 of the motion --

1                   THE COURT: Uh-huh (indicating an affirmative  
2 response).

3                   MR. CLODFELTER: -- papers for the Court's benefit and  
4 as I say, all but one of those firms also represented claimants  
5 against the Garlock debtors. What we are proposing by the  
6 motion before the Court today is to take that committee, or to  
7 take the Official Garlock Asbestos Claimants' Committee --

8                   THE COURT: Right.

9                   MR. CLODFELTER: -- to add three additional members to  
10 that committee who are individuals who hold claims against the  
11 Coltec debtor and then to take that restructured committee and  
12 appoint it as the officially constituted committee representing  
13 asbestos claimants in the Coltec case.

14                  In summary, that's the relief requested. The three  
15 individuals that we're proposing to add to the committee are  
16 identified in Paragraph 25 of the motion papers. And again,  
17 they're represented by law firms that also represent Garlock  
18 claimants.

19                  Your Honor, Mr. Swett, who has been instrumental along  
20 the way in helping us organize the Ad Hoc Committee and then  
21 put together the proposed joint committee, may, may wish to  
22 address the motion at this point.

23                  I'm, I'm done and will respond to questions.

24                  THE COURT: Mr. Swett.

25                  MR. SWETT: Your Honor, I don't think I need to

1 elaborate on Mr. Clodfelter's comments except to say that all  
2 of this was forecasted in the disclosure statement. We've  
3 adhered closely to the approach laid out there.

4                 The three claimants that we would propose to add to  
5 the Committee for purposes of expanding its charter to include  
6 the Coltec case are each represented by an able law firm  
7 experienced in the prosecution of claims against Coltec. They  
8 include one claimant who's not represented by counsel who  
9 represents a member of the Garlock Committee. That claimant is  
10 represented by the Lanier firm, a very distinguished trial firm  
11 that will add a lot of knowledge and experience when it comes  
12 to the Coltec side of the activity.

13                 So the efficiency of putting all of this on a single  
14 track with an integrated committee bringing to bear the  
15 accumulated knowledge both of this case and the Coltec claims  
16 history seem obviously compelled.

17                 Thank you.

18                 THE COURT: Any other party wish to address this  
19 motion?

20                 (No response)

21                 THE COURT: We're good? Any -- I'm --

22                 MR. CLODFELTER: Again, Your Honor, the motion is to  
23 constitute this committee as the official committee in this  
24 case and to, in the Garlock cases, to approve an expansion of  
25 the existing committee in the Garlock cases.

1                   All right, Your Honor. With that said, I'll move to  
2 the third motion, which is the motion, debtor's motion to  
3 appoint Joseph W. Grier, III as the representative of future  
4 claimants and demand holders in the Coltec case.

5                   Your Honor, the title of the motion says it all.

6                   THE COURT: Uh-huh (indicating an affirmative  
7 response).

8                   MR. CLODFELTER: And again, we'd ask for the Court to  
9 take judicial notice of Mr. Grier's six-year history as a very  
10 diligent and vigorous future claimants' representative in the  
11 Garlock cases. We can represent to the Court that Mr. Grier  
12 acted with the same degree of vigor and diligence all  
13 throughout the negotiations prepetition of the proposed joint  
14 plan which is now proposed by, by Coltec. We think he will  
15 continue to do so throughout the course of administration of  
16 the case and would ask that he be appointed the future  
17 claimants' representative. We've received no conflict in his  
18 acting in this capacity in both sets of cases. Again, because  
19 of the structure I described earlier of the joint plan we do  
20 not perceive any conflict to Mr. Grier acting in both roles.

21                   And with that, Your Honor, we'll stop and see if  
22 others wish to comment.

23                   THE COURT: Other parties?

24                   (No response)

25                   THE COURT: All right.

1                   MR. CLODFELTER: I should add Mr. Grier has agreed to  
2 serve in this capacity.

3                   THE COURT: Mr. Grier, it seems like you've all of a  
4 sudden acquired a lot more experience as a future claims rep as  
5 you had a few months ago.

6                   So approved.

7                   MR. SWETT: Your Honor, was there a ruling of record  
8 on the committee motion? I didn't hear.

9                   THE COURT: Yes, sir, I did.

10                  MR. SWETT: Thank you.

11                  THE COURT: I approved that.

12                  MR. CLODFELTER: My apologies, Your Honor. I may be  
13 moving a little too quickly on that.

14                  THE COURT: Oh, no. I didn't speak as loudly.

15                  The Grier motion is approved.

16                  MR. CLODFELTER: With that, Your Honor, we'll move  
17 next to the fourth motion, which is a motion to appoint the  
18 Rust Omni firm as noticing, claims, and balloting agent in the  
19 Coltec case. This motion is supported by the declaration of  
20 Paul Deutch which is attached to the motion papers.

21 Essentially, what we propose for Rust and Omni to do in this  
22 case is to provide the same services as they have provided in  
23 the Garlock cases. Rust has agreed to operate in this case  
24 under the same services agreement dated June of 2014 that  
25 exists in the Garlock cases, same terms and conditions. In

1 fact, Your Honor, we're getting a little bit of, of the benefit  
2 already from Rust Omni because, as the Court knows, the  
3 prepetition, the pre-packaged solicitation's already been  
4 conducted by Rust. They've already received, processed, and  
5 reviewed the ballots of the case.

6 So essentially, what we have for them here is some  
7 clean-up work from that task, those tasks, but to serve as  
8 noticing agent in this case.

9 Your Honor, with that, we'll, we'll stop and see if  
10 any others wish to comment.

11 THE COURT: Any other parties wish to be heard on the  
12 Rust motion?

13 (No response)

14 THE COURT: Do not. Okay. It's approved.

15 MR. CLODFELTER: Thank you, Your Honor.

16 That takes us to the fifth motion, which is motion to  
17 retain the firm of Bates White as asbestos claims consultant in  
18 this case, the Coltec case. The Court is well familiar with  
19 the firm and its services in the Garlock cases. The Bates  
20 White firm has provided consultation to those debtors and to  
21 Coltec as well in the formulation of the joint plan and in  
22 terms of analysis of the claims history, in terms of analysis  
23 of the expected performance of the proposed 524(g) trust under  
24 the joint plan and we would ask that Mr. Bates be retained, his  
25 firm be retained in this case.

1               This motion is supported by the accompanying  
2 declaration of Charles Bates. Again, the Bates White firm  
3 would essentially provide the same services on the same terms  
4 and conditions in this case as they're currently providing in  
5 the Garlock case.

6               Your Honor, unless --

7               THE COURT: All right.

8               MR. CLODFELTER: -- the Court has questions, I will --

9               THE COURT: Any other party wish to speak on that  
10 motion?

11              (No response)

12              THE COURT: It is approved.

13              MR. CLODFELTER: Thank you, Your Honor. That takes us  
14 to the sixth motion. This motion has several components and  
15 I'm, I'm going to speak about them in a little slightly  
16 different organization than they're laid out in the motion  
17 papers.

18              But the motion here is to approve the maintenance of  
19 Coltec's existing bank account and banking arrangements with  
20 Bank of America, to establish procedures for the investment of  
21 excess cash, and for a limited waiver of the deposit guidelines  
22 with respect to the management of Coltec's cash. That's the  
23 first group of items I'm going to address. The motion also  
24 then asks for the continued use of Coltec's existing contracts,  
25 business forms, purchasing orders, invoices, and so forth. And

1 finally, we're asking for the Court to approve a pre-petition  
2 inter-company services agreement entered into between Coltec  
3 and its ultimate parent entity, EnPro Industries, Inc., and to  
4 acknowledge that the services provided postpetition under that  
5 inter-company services agreement will be afforded  
6 administrative expense priority status as necessary expenses of  
7 the operation of the estate. Let me take the banking matters  
8 first, Your Honor.

9 THE COURT: Uh-huh (indicating an affirmative  
10 response).

11 MR. CLODFELTER: OldCo has, essentially, two sources  
12 of funds or Coltec, I should say. Excuse me.

13 THE COURT: Uh-huh (indicating an affirmative  
14 response).

15 MR. CLODFELTER: First, it has operating revenue from  
16 its EnPro Learning Systems seminars and, and educational  
17 programs that it conducts. The second source of funds is the  
18 Keepwell Agreement with its corporate parent, EnPro Holdings,  
19 Inc., under which EnPro Holdings, Inc. has agreed to advance  
20 funds as needed by Coltec for purposes of the administration of  
21 this chapter 11 case and for the payment of necessary expenses  
22 in the case. Those are, really, the only two sources of funds  
23 that the debtor currently has.

24 The debtor maintains one bank account. The debtor was  
25 organized, of course, at the end of last year and we filed the

1 petition on January 30th, which is the close of the fiscal  
2 year. Actually, it's the beginning of a new fiscal year for  
3 the EnPro System and the EnPro group of companies. So we've  
4 only been operating that account for a fairly limited part of  
5 time on behalf of Coltec. That account is with Bank of America  
6 and is a very simple account. Coltec doesn't use checks out of  
7 that account. It makes disbursements by ACH or by a wire  
8 transfer.

9 So there are no problems of handling items presented  
10 against the account or collected through the, through the  
11 checking or the depository system.

12 In addition to that, Coltec does not have any  
13 employees of its own. It, it purchases contractual personnel  
14 services to put on its seminars and educational programs. So  
15 it doesn't maintain a payroll account and doesn't have to  
16 manage a payroll account.

17 In addition to that, it has only the very most minimal  
18 liabilities for taxes. There are no taxes for which it's  
19 required to establish tax deposit accounts or escrow accounts.

20 So this is a very, very simple, simple debtor in that  
21 regard.

22 Again, Your Honor, the, the motion before the Court  
23 asks that we be allowed to continue the pre-petition bank  
24 account with Bank of America and allow the bank to administer  
25 that account in the normal course as it would do if this

1 debtor, if this petition had not been filed. That includes the  
2 various charges and fees that the bank would impose under the  
3 depository agreement on the account, the collection of items in  
4 the account, the chargeback of items in the account. We will  
5 be able through the accounting system, of course, to determine  
6 which of those are prepetition and which are postpetition.

7 THE COURT: Uh-huh (indicating an affirmative  
8 response).

9 MR. CLODFELTER: So we don't think there'll be any  
10 prejudice from continuing the account but more importantly, as  
11 I said to the Court in the opening remarks, the Court will  
12 remember that all claims, all claims against the Coltec debtor,  
13 other than asbestos claims, will pass through this bankruptcy.  
14 In effect, it will be assumed.

15 So there's really no prejudice from continuing the  
16 operation of that account across the petition date.

17 The second thing we asked, Your Honor, is for a  
18 modification of the deposit guidelines and for approval of the  
19 invest, program for the investment of, of Coltec's excess cash.  
20 Your Honor, the, pursuant to the Keepwell Agreement and in, in  
21 accord with the understanding of the parties, on the, prior to  
22 the petition date Coltec's parent advanced to Coltec the sum of  
23 \$5 million which was placed on deposit in the bank, a bank  
24 account at Bank of America, again to fund the necessary  
25 operating expenses of this estate, possibly even to overfund,

1 probably even to overfund the necessary operating expenses of  
2 the estate. And, of course, that's well in excess of the FDI-  
3 insured limit for a normal depository account at Bank of  
4 America.

5 Through some work with Bank of America Securities, an  
6 affiliate of Bank of America, what Coltec proposes to do with  
7 funds that exceed the FDI-insured limit is to move those funds  
8 into an investment account managed with Bank of America  
9 Securities, which account would contain only instruments and  
10 obligations backed by the full faith and credit of the United  
11 States and we would structure that in such a way as to provide  
12 the necessary liquidity so that as Coltec is required to, to  
13 make disbursements from its operating account at Bank of  
14 America it could liquidate the investments in the investment  
15 account, transfer the funds, and then make the disbursements.

16 Your Honor, we've been working on this program to try  
17 to identify a way to maximize the return to the estate, which,  
18 of course, is what 345 suggests we ought to be doing, but to do  
19 so in a way that balances the maximum return with the necessary  
20 liquidity and also with the security of the proposed  
21 investments.

22 Your Honor, that's the second banking component and we  
23 would ask that the Court approve that mechanism. We have not  
24 yet put it in place with Bank of America pending the Court's  
25 consideration of the motion, but we would propose to move

1 forward.

2                   We discussed this with the Bankruptcy Administrator  
3 and I will let Ms. Kenny speak if they have any remaining  
4 concerns about the manner in which we would propose to manage  
5 those excess funds beyond the FDI-insured limit.

6                   I should disclose, of course, that there may be some  
7 mismatch for some very short period of time between the  
8 liquidation of, of an instrument in the investment account --

9                   THE COURT: Sure.

10                  MR. CLODFELTER: -- the funding of the disbursement  
11 account, and then the payout of the funds, but we think that  
12 will be a very, very short period of time, no more than  
13 overnight. Again, since this debtor does not use checks, there  
14 won't be any real float on the account.

15                  THE COURT: Ms. Kenny, do you want to --

16                  MS. KENNY: Your Honor --

17                  THE COURT: -- speak to this?

18                  MS. KENNY: -- we don't have an objection to the  
19 motion per se except we do have a bit of concern -- and I know  
20 it may be a very brief period of time -- but we do have a bit  
21 of concern that if there are funds in the account that exceed  
22 the FDIC-insured amount, that there be a bond posted for those  
23 amounts that exceed that. Granted, it sounds like it will be a  
24 very short period of time, but there -- it could be expanded  
25 and we just don't know.

1           So we would ask that any amounts beyond that, that  
2 there be a bond.

3           THE COURT: Of how much?

4           MR. CLODFELTER: Your Honor --

5           MS. KENNY: I think it would depend on --

6           MR. CLODFELTER: -- it may be difficult to size the  
7 bond because we --

8           THE COURT: Right.

9           MR. CLODFELTER: -- don't know the amount of any  
10 excess at any, any given time. We're -- we're -- we intend to,  
11 to make the investments in, in the Treasuries, essentially, so  
12 that we can draw it down in slugs that will as nearly as  
13 possible --

14           THE COURT: Right.

15           MR. CLODFELTER: -- keep within the FDIC limit. We  
16 would, we would hope that we're not in a position where we'll  
17 ever really have to worry about a bond on a bank account.

18           THE COURT: Okay. I'm not even sure -- you were  
19 anticipating. My second question is, can you even get a bond  
20 for that particular purpose? That, that sounds like a very  
21 fine point on it.

22           I'm not inclined to do that right now, Ms. Kenny. I,  
23 I believe, given the nature of these debtors, the fact that  
24 they have an operating business and, and the short periods of  
25 time that the money is going to be in that account, I, I think

1 we're all right. Again, not our typical debtor's set of  
2 problems that we have in these two cases, so.

3 MR. CLODFELTER: Your Honor, I might say for, for  
4 Ms. Kenny's comfort that the primary disbursements in the  
5 course of administration of the case would like, that that  
6 would likely be professional expenses and I think Ms. Kenny  
7 knows where to find the lawyers in case anything should go  
8 wrong.

9 THE COURT: That's a cheerful prospect.

10 Any other parties want to address this motion?

11 (No response)

12 THE COURT: Okay.

13 MR. CLODFELTER: Your Honor, there are two other  
14 components to the motion. I, I wanted to give Ms. Kenny a  
15 chance, though, to speak to --

16 THE COURT: Okay.

17 MR. CLODFELTER: -- the bank account.

18 THE COURT: Go ahead. I thought you were done.

19 MR. CLODFELTER: No, no.

20 The second is relatively straightforward. Again, we  
21 have letterhead. We have contract forms and so forth. We'd  
22 prefer to maintain those as, as we've had them in the very,  
23 very short period prior to the filing of the petition on  
24 January 30th.

25 THE COURT: All right. Anyone else?

1                    (No response)

2                    THE COURT: In that case, the motion is approved as  
3 filed.

4                    MR. CLODFELTER: Finally, Your Honor, the final  
5 component is most of the corporate services that one would  
6 think of as being an essential administrative service is legal,  
7 accounting, human, human relations, tax advice and tax  
8 management, and so forth within the EnPro group of companies  
9 are provided at the, at the parent level. And then the costs  
10 of those functions are charged back on a proportional  
11 allocation basis to the various subsidiaries.

12                  Prior to the petition Coltec entered into a written  
13 inter-company services agreement with the parent entity to  
14 memorialize the agreement with respect to the provision of  
15 those services and the allocation of the charges for those  
16 services. That had been going on, frankly, under an  
17 undocumented form for a long time. We believe that the, the  
18 debtor probably has ordinary course authority to enter into  
19 such an agreement.

20                  But again, for purposes of transparency so that  
21 everyone could see what's going on among the affiliates and how  
22 the transactions would be managed we thought it appropriate to  
23 bring the agreement before the Court this morning and seek the  
24 Court's approval for the agreement. Frankly, under the  
25 structure of the agreement we're not even sure it will operate

1 very actively during the course of administration. If we're  
2 successful in --

3 THE COURT: Uh-huh (indicating an affirmative  
4 response).

5 MR. CLODFELTER: -- confirming and consummating a plan  
6 in the year 2017, we may never actually see the agreement again  
7 because the first settling up or true-up date under the  
8 agreement would be in January of 2018 under the structure of  
9 the agreements and annual reconciliation of charges. In the  
10 event, though, anything goes off the rails, we thought it  
11 appropriate for the Court to see the agreement, be comfortable  
12 with the agreement, and for the parties and the Court to  
13 understand that it would be the intent that any charges  
14 incurred and assessed against Coltec under that agreement to  
15 the extent necessary would be paid as costs and expenses of  
16 administration of the chapter 11 case.

17 Your Honor, I need to modify one thing that's in the  
18 motion papers we've had some discussion about and we've also  
19 talked with the other interested parties this morning about.

20 There is a component of the inter-company services  
21 agreement that references a tax-sharing agreement.  
22 Essentially, what, what would happen there is the allocable  
23 portion of taxes paid at the parent level on a combined basis  
24 that are generated as a result of the income generated by  
25 Coltec would be assessed back against, as charges back against

1 Coltec. There is a June 1, 2010 agreement on tax sharing.  
2 Unfortunately, that agreement was never fully executed among  
3 all the various parties in the EnPro enterprise. And so in  
4 order to avoid any questions or issues about whether that  
5 agreement is or is not in place, is or is not effective, we  
6 would simply propose to modify the relief requested this  
7 morning to exclude from the inter-company services agreement  
8 the tax-sharing arrangement and would say to the parties that  
9 in the event that becomes an issue we would bring that matter  
10 back before the Court on notice and hearing for the Court's  
11 separate consideration.

12 We would, modify, therefore, the order that we've  
13 attached as an exhibit to this motion to exclude the tax-  
14 sharing component and provide that any further consideration of  
15 that element would be done only after notice and hearing,  
16 further consideration by the Court.

17 THE COURT: Does anyone want to speak with regard to  
18 the banking arrangements, the inter-company accounts, and the,  
19 the tax sharing?

20 (No response)

21 THE COURT: Let me ask a conceptual question. If, if  
22 the true-up is not until next year and you're planning to  
23 confirm in May, how do we deal with administrative expenses, if  
24 any, that are owed? Do they, do they just follow  
25 implementation of the plan or --

1                   MR. CLODFELTER: They would, Your Honor, and again, as  
2 I said, all obligations of this debtor other than the asbestos  
3 obligations that are being channeled to the trust are going to  
4 be assumed by the reorganized debtor and paid in the ordinary  
5 course, just like Coltec or any other subsidiary of EnPro.

6                   THE COURT: I was trying to remember whether the plan  
7 had a payment of admin expenses as 30 days, or whatever, after  
8 the effective date, or something to that effect. I assume you  
9 have a savings clause in the plan that says "or as otherwise  
10 agreed"?

11                  MR. CLODFELTER: Your Honor taxes my memory this  
12 morning about the details of the joint plan. We'll, we'll look  
13 at that and if we find any --

14                  THE COURT: That's why I was asking. I couldn't  
15 remember, either, so.

16                  MR. CLODFELTER: But, but again, we would propose to  
17 pay those in the ordinary course --

18                  THE COURT: All right.

19                  MR. CLODFELTER: -- as, as I say, as with other  
20 subsidiaries --

21                  THE COURT: Basically meaning next --

22                  MR. CLODFELTER: -- non-bankruptcy subsidiaries,  
23 right.

24                  THE COURT: In 2018?

25                  Anyone else wish to speak with regard to the motion,

1 which I've tried to approve before you finished,  
2 Mr. Clodfelter, twice?

3 (No response)

4 MR. CLODFELTER: I should be so lucky on all my --

5 THE COURT: Right.

6 MR. CLODFELTER: -- my motions, Your Honor.

7 THE COURT: Well, my job gets a lot easier when you  
8 are all agreeing.

9 Anyone?

10 (No response)

11 THE COURT: Okay. That is approved.

12 MR. CLODFELTER: Okay, Your Honor.

13 And with that, as I say, I'll turn to rest of the  
14 agenda over to Mr. Schilli and Mr. Krisko.

15 THE COURT: Mr. Schilli?

16 MR. SCHILLI: Good morning, Your Honor. David Schilli  
17 on behalf of the debtor, Coltec.

18 THE COURT: Okay.

19 MR. SCHILLI: With your, with your permission, Your  
20 Honor, I'm going to address the motions that are on the agenda  
21 Nos. 7 through 10 and then, with your permission, turn the  
22 microphone over to Mr. Krisko to address No. 11 and No. 12 on  
23 the agenda. And Mr. Clodfelter mentioned or forecasted that  
24 maybe the batting order might change when we get down to No.  
25 10. I'll address that when we get there unless you have any

1 questions at this stage.

2 THE COURT: All right.

3 MR. SCHILLI: Your Honor, the first matter is Item No.  
4 7 on the agenda. It's No. 10 in the docket.

5 THE COURT: Uh-huh (indicating an affirmative  
6 response).

7 MR. SCHILLI: This is just in the OldCo or the Coltec  
8 bankruptcy case. In this motion, Your Honor, we're asking that  
9 the Court waive the obligations for the debtor to file  
10 schedules other than Schedule G and to waive the obligations to  
11 file a Statement of Financial Affairs. We also ask that we not  
12 be required to file the 20 largest creditor list and as a  
13 result of that, the Bankruptcy Administrator not be required to  
14 solicit interest for a creditors' committee in this case. We'd  
15 also ask that the Court waive the obligation for a 341 meeting.

16 Under the unique circumstances of this case, I realize  
17 that this, this relief could be viewed as a little bit  
18 extraordinary, but under the unique circumstances of this case  
19 I think it's in order. As Your Honor knows from  
20 Mr. Clodfelter's presentation, this case was filed really to  
21 enable Coltec to implement this comprehensive settlement and to  
22 permanently resolve all of the Coltec asbestos claims in the  
23 case alongside all of the Garlock asbestos claims. The  
24 claimants have all overwhelmingly accepted the plan that has  
25 been solicited prior to the bankruptcy of Coltec. There is an

1 unsecured creditors' committee in the Garlock case and if these  
2 cases are jointly administered, we believe that the interest of  
3 any general unsecured creditors in this case will be adequately  
4 represented by that committee as well.

5                 And I would also remind the Court that the non-  
6 asbestos creditors are not and will not be impaired by this  
7 plan, by the joint plan, or by the comprehensive settlement and  
8 they're just, as Mr. Clodfelter referred to, they're going to  
9 pass through this bankruptcy case and will ultimately be  
10 assumed by the reorganized debtor and paid.

11                 I would note that the relief we ask here is  
12 specifically provided for in the Southern District of New York  
13 Local Rules as it relates to pre-packaged bankruptcy cases. I  
14 recognize that we are not in the Southern District of New York,  
15 but it is routinely, it is relief that is routinely granted  
16 there and I wanted the Court to be aware of that so you didn't  
17 feel like you were going out on, too far out on a limb if you  
18 were to grant the relief we've asked for here.

19                 I would note that prior to the hearing today we have  
20 circulated the motion and the order to the other parties in  
21 interest and, and the order has been approved by the Garlock  
22 Committee and the Ad Hoc Committee and there, there is a  
23 provision in the order that says if the joint plan is either  
24 withdrawn or not confirmed, then any party can come back before  
25 the Court and ask that we revisit these issues.

1           I think prior to the hearing Ms. Kenny indicated that  
2 she might want to bring something to the Court's attention with  
3 respect to that. I'm happy to answer any questions that you  
4 have or respond to anything that Ms. Kenny might have to say  
5 about it.

6           But for all those reasons, Your Honor, in the unique  
7 circumstances of this case we don't believe that any real  
8 purpose will be served by filing the schedules or the SOFAs.

9           MS. KENNY: Your Honor, this is a unique case and  
10 after having met with Mr. Schilli and a few others last week  
11 they explained how this all, this is dovetailing into the  
12 Garlock case and that the only claimants or the only claims  
13 that will pass through are the asbestos claims.

14           We just do find that it's extraordinary relief and if  
15 there's, if we don't know who the creditors are, I think it  
16 makes it a bit difficult. But if this is -- we just have a  
17 little bit of pause with regard to that, but I think that  
18 Mr. Schilli and Mr. Clodfelter have done a good job of  
19 explaining why this is an extraordinary case and unique  
20 circumstances exist.

21           THE COURT: Anyone else?

22           (No response)

23           THE COURT: I agree it's extraordinary, but, and I  
24 wouldn't want to make a practice of it, but it -- effectively,  
25 this was all contemplated that these two cases would, would run

1 towards reorganization in, on parallel tracks.

2 So I think it's warranted under the circumstances and  
3 will approve the motion.

4 All right.

5 MR. SCHILLI: Thank you, Your Honor.

6 I, I'm going to take the, the comments that you just  
7 made as a nice segue into the remainder of the motions on the  
8 calendar this morning because I think all of the remaining  
9 motions are geared towards dovetailing the OldCo or Coltec  
10 bankruptcy case with the notice procedures and the calendar,  
11 essentially, or the scheduling of the Garlock case.

12 So with that, I'd like to move to No. 8 on the agenda,  
13 which is Docket Entry 16, and I would say that this is a motion  
14 that has been filed in both the Garlock case and in the Coltec  
15 case.

16 THE COURT: Uh-huh (indicating an affirmative  
17 response).

18 MR. SCHILLI: And this is a motion for an order  
19 establishing case management and notice procedures in this case  
20 -- "this case" being the Coltec case -- and the use of a single  
21 master service list in both cases.

22 Essentially, what we're asking for, if the Court were  
23 to approve it, is to require or permit all filings in this case  
24 and all filings in any adversary proceedings that may be  
25 initiated in the case to be subject to what we would, we have

1 called the Garlock notice procedures and essentially apply  
2 those same notice procedures to matters in this case and  
3 particularly, if this case is going to be jointly or now that  
4 it has been jointly administered, it seems to make sense to us  
5 to allow everything to, to run along the same track to simplify  
6 it for all of the parties in interest.

7 We would ask that the notice be limited, any notices  
8 of filings in, in this case be limited to any parties and  
9 entities listed on the master service list --

10 THE COURT: Uh-huh (indicating an affirmative  
11 response).

12 MR. SCHILLI: -- as may be required under Bankruptcy  
13 Rules. In the motion we've listed several Rules that we think  
14 might apply, for instance, if we're going to use, sell, or  
15 lease property of the estate and things like that or whether  
16 there's stay relief. And so we would follow the Rules as it  
17 relates to those particular matters. And then if there's  
18 anybody who has a particularized interest in the subject of a  
19 filing, then they, of course, would be required to get the  
20 filing and notice of, of the filing. And then, of course, if  
21 anybody files after today a 2002 notice, they would be added to  
22 the master service list that's in place.

23 So we would ask that the Court approve the notice  
24 procedures that are already in place in Garlock, but approve  
25 them in the Coltec case and also approve the use of a single

1 master service list in, in this case.

2 THE COURT: Mr. Miller, did you have a chip-in on this  
3 one, or --

4 MR. MILLER: Your Honor, the only, I guess, maybe  
5 clarification is that we've got two proposed orders that are  
6 attached to the motion, one, one here in the OldCo case that  
7 provides the relief that Mr. Schilli just described, then one  
8 that would be entered in the Garlock case that only deals with  
9 the, with the use of a single master service list.

10 So it'll be two different orders coming, coming to the  
11 Court.

12 THE COURT: Okay.

13 Other parties wish to weigh in on this motion?

14 (No response)

15 THE COURT: All right. If not, approved.

16 MR. SCHILLI: Thank you, Your Honor.

17 And, and from a housekeeping perspective, the order  
18 that we have attached to our motion, on the motion we just  
19 argued, we have gotten a comment from the, the Garlock  
20 Committee and we're going to incorporate that comment --  
21 there's no objection from the debtor on that -- and we'll  
22 tender a new order, but we'll, of course, circulate it to the  
23 Committee before tendering it to the Court.

24 THE COURT: For the rest of us, do you want to just  
25 tell me briefly what it, what it does?

1 MR. SCHILLI: I'll be happy to do that, Your Honor.

2 THE COURT: You sure?

3 MR. SCHILLI: In the order that was submitted with our  
4 motion there was a reference to the Ad Hoc Committee members  
5 being part of the Garlock Committee. And there's a --  
6 substantively, I believe it remains the same -- but the comment  
7 that we received was that instead of the motion, instead of the  
8 order saying, "If members of the Ad Hoc Committee are permitted  
9 to join the Garlock Committee," the Committee would ask that  
10 the order say, "If Coltec asbestos claimants are appointed as  
11 new members of the Garlock Committee," and so we're happy to  
12 make that change.

13 THE COURT: Does that cause the BA any problems? WE  
14 good there?

15 MS. KENNY: No, Your Honor.

16 THE COURT: Okay. Fair enough.

17 MR. SCHILLI: Thank you.

18 Your Honor, now we're down to the last two matters  
19 that I was going to argue to the Court and now we're going to,  
20 I think --

21 THE COURT: Uh-huh (indicating an affirmative  
22 response).

23 MR. SCHILLI: -- with, with your permission, take  
24 things out of order. And I'd like to turn to No. 10 on the  
25 agenda, which is Docket Entry 17. The, the reason I'd like to

1 take them out of order is because as, as I was preparing for  
2 today I realized that the motion that's listed at No. 9 makes  
3 reference to this motion at No. 10 and I think Motion No. 9 may  
4 make a little more sense and we can get through that a little  
5 more quickly if we address the motion on the agenda at No. 10  
6 first.

7 So with that, Your Honor, I'd like to address Docket  
8 Entry No. 17, which is the debtor's motion to approve the  
9 notice procedures for asbestos claimants. Again, these are the  
10 same procedures that have been in the, in place in the Garlock  
11 case now for over six years and they've worked pretty well and  
12 I would ask that the Court allow those procedures to be adopted  
13 here. And those asbestos claimant notice procedures are as  
14 follows:

15 That the parties would send notices and other  
16 communications to the Coltec asbestos claimants solely to their  
17 counsel of record instead of sending the notices and  
18 communications to the claimants, themselves. If we are aware  
19 of a Coltec asbestos claimant not represented by counsel, then  
20 we would, of course, send notices to the claimant. And, and  
21 typically, we would learn of that, the identity and the  
22 address, by either a proof of claim filed in the case or one of  
23 the ballots that may have been submitted.

24 And then the other notice to the Coltec asbestos  
25 claimants would be to the Future Claims Representative as well

1 as his counsel.

2                   So we would ask that you approve those notice  
3 procedures and also relieve us of obligations to deliver  
4 notices or communications to the claimants, themselves. The,  
5 the motion that we've circulated prior to the case filing and  
6 the order were both reviewed and approved by the Garlock  
7 Committee and the Ad Hoc Committee counsel and we've not  
8 received any comments from the FCR, his counsel, with respect  
9 to that order.

10                  THE COURT: Any other party wish to speak with regard  
11 to the motion?

12                  (No response)

13                  THE COURT: There being none, we'll assume that it's  
14 all suitable to everyone else and it is approved.

15                  MR. SCHILLI: Thank you, Your Honor.

16                  And now I'd like to go back on the agenda to No. 9,  
17 which is Docket Entry 19. This is a matter that's just in the  
18 OldCo case and it's our, it's Coltec's motion for approval of  
19 the form of the commencement notice here, the mailing and  
20 publication of that notice, and -- there are really four points  
21 that we would like the Court to be aware of. First, we have  
22 attached to the motion the form of the commencement notice. It  
23 differs from the official bankruptcy form in a couple of ways.  
24 First, it does not identify a first meeting of creditors date  
25 and time and secondly, it also directs parties in interest to

1 the Court's website as well as the Rust website in case anybody  
2 wants information about the case.

3 We would ask that you approve the manner of the  
4 mailing of that commencement notice. Rust is going to handle  
5 the service of that and we're going to serve that on the list,  
6 or the mailing matrix that we've attached to the petition,  
7 which is nearly 1400 pages long.

8 THE COURT: All right.

9 MR. SCHILLI: And the folks it's going to go to,  
10 essentially, will be all of the asbestos claimants, any of the  
11 creditors of, of the EnPro Learning Systems business, that is,  
12 creditors, existing creditors of the debtor, and then there are  
13 some what I would call legacy Coltec claimants, either folks  
14 who are receiving retiree benefits, life or death-related  
15 benefits, pension and severance-related benefits, and we're  
16 going to send that to all, all of those folks.

17 Now the reality is EnPro Holdings, which was recently  
18 formed, is taking on all of those obligations, but we feel like  
19 we ought to give notice to all of those creditors in the case,  
20 although I guess they have potentially contingent claims, but  
21 they're being assumed by EnPro and they should be paid in the  
22 ordinary course.

23 THE COURT: Uh-huh (indicating an affirmative  
24 response).

25 MR. SCHILLI: We also ask that the Court approve the

1 form of the publication notice that is, was attached to the  
2 motion.

3 THE COURT: Uh-huh (indicating an affirmative  
4 response).

5 MR. SCHILLI: It's very detailed and it's a combined  
6 publication, it's a combined notice. It's combined in the  
7 sense that it not only is a commencement notice, but there's a  
8 bar date notice in that for the asbestos claimants. There are  
9 also references to the March 24th deadline to file proofs of  
10 claim as well as objections to the disclosure statement that's  
11 on file as well as the objections to confirmation in the Coltec  
12 case. And then there's also language in that publication  
13 notice as it relates to the May 15th confirmation hearing.

14 And we would ask that the Court approve a form of that  
15 notice. It's been reviewed and there was a fairly substantial  
16 back and forth between us and the Committee in the case, the Ad  
17 Hoc Committee and the Garlock Committee, because it's  
18 ultimately going to those, their constituents and they have  
19 approved the form of the notice.

20 And then with respect to the manner of publishing,  
21 we'd like to do what we did in the Garlock case and that is  
22 publish in the USA Today on one day, in the national edition of  
23 the USA Today on the one day of the week, which is Mondays,  
24 where they publish legal notices. And we would ask that we get  
25 authority to do that and depending on when the order gets

1 entered and whether we can meet deadlines, we would either get  
2 it published next Monday or the following Monday.

3 So it'd be promptly after the case has been filed.

4 THE COURT: Okay.

5 MR. SCHILLI: So --

6 THE COURT: Anyone else on this motion?

7 MS. KENNY: Your Honor, I don't have an objection to  
8 the motion, but in looking at the exhibits, Exhibit A, which is  
9 the commencement notice, for the proof of claim deadline it  
10 says "Not yet set," but the publication and then there's the  
11 motion to set bar date is March 24th.

12 So I'm not certain why -- it seems to me that date  
13 ought to be March 24th there, but there may be an explanation  
14 as to why that's not there.

15 MR. SCHILLI: That's a fair point, Ms. Kenny. Let me  
16 address that to the Court, Your Honor.

17 We, we've gone back and forth a little bit about  
18 whether to include in the actual notice the, the March 24th  
19 proof of claim deadline, but because that deadline applies only  
20 to the Coltec asbestos claimants --

21 THE COURT: Right.

22 MR. SCHILLI: -- and this notice is going to a lot of  
23 other folks in addition to that -- we thought, in addition to  
24 that group, we thought it would be better if we didn't list it  
25 there. And then the motion that Mr. Krisko is going to address

1       in just a moment is going to, he's going to describe the bar  
2       date notice that's going to go separately to the asbestos  
3       claimants in the case.

4               And so they, in fact, will get a notice that, actual  
5       notice. And when I say "they," it will be ultimately going to  
6       the lawyers representing him, if, if they are so represented.

7               And so I think Kenny's concern is that the asbestos  
8       claimants who are entitled to vote will, in fact, get a  
9       separate notice, but the, the, if you will, the mass of other  
10      creditors will not because there is no bar date that we've  
11      requested and no bar date has been set with respect to that  
12      other group of creditors.

13               THE COURT: So you're saying that the March 24th date  
14      shouldn't be in the notice?

15               MR. SCHILLI: Your Honor, we don't believe it should  
16      be in, in the actual notice of the commencement of the case --

17               THE COURT: Right.

18               MR. SCHILLI: -- because it might then require a lot  
19      more explanation as to who that March 24th date applies to.

20               THE COURT: Well, the one I'm looking at does have the  
21      March 24th date. It says, "Deadlines for proof of claim for  
22      certain Coltec creditors' asbestos claims is March 24th," and  
23      then it doesn't really say anything about other creditors, but  
24      --is that Exhibit A or Exhibit B? I -- let me see if Exhibit A  
25      -- yeah, it's the same.

1                   MR. SCHILLI: Beg your pardon. Just a moment, Your  
2 Honor.

3                   THE COURT: Maybe I'm confused.

4                   (Pause)

5                   MS. KENNY: Your Honor, I believe that's Exhibit B.

6                   MR. SCHILLI: That is --

7                   THE COURT: I'm looking at "B."

8                   MR. SCHILLI: Yes.

9                   THE COURT: Okay. Well, that, that was the question I  
10 had when I was looking at "A," though. It says, "The Court has  
11 not set a time and date for a creditors' meeting," and then  
12 doesn't say anything, does it, about the deadline -- okay, here  
13 we go. Here's the proof of claim date, "Not yet set."

14                  All I was wondering about, both the first meeting  
15 notice that it had not yet been set and the proof of claims  
16 deadline, whether we ought to tell them what we're doing, that  
17 we're not going to set a first meeting date. Refer them to the  
18 order in this. I wouldn't want anyone thinking that there was  
19 going to be a first meeting date and we're just hanging fire  
20 to, to wait to see what that is.

21                  I'll leave it to your discretion as the parties in the  
22 case of whether you feel the need to have that, but it would be  
23 a little tighter if you, if you told them we just weren't going  
24 to have a first meeting date and we weren't going to set a  
25 deadline for proofs of claim for non-asbestos creditors.

1                   MR. SCHILLI: I, I'll be happy to add that, Your  
2 Honor, and I'll circulate it to the rest of the, the other  
3 parties for comment.

4                   THE COURT: I'm raising it as a question, not a  
5 ruling.

6                   Do the parties feel any need for more certainty on  
7 that point, or are we just basically talking about semantics on  
8 something that really won't have a real world effect?

9                   MR. LIESEMER: Your Honor, Jeffrey Liesemer on behalf  
10 of the Committee.

11                  I am concerned by the standard notice indicating that  
12 there is no deadline for proofs of claims.

13                  THE COURT: Uh-huh (indicating an affirmative  
14 response).

15                  MR. LIESEMER: I, I'm concerned that it's going to  
16 create confusion. I would suggest that it say, "March 24th for  
17 certain Coltec asbestos claims. No bar date for any other  
18 claims."

19                  THE COURT: How's that?

20                  MR. SCHILLI: I think that will work.

21                  THE COURT: Okay, good. It might save some of your  
22 associates some time having to field calls from creditors who  
23 are confused and their counsel, so.

24                  MR. SCHILLI: I'm sure they appreciate that, Your  
25 Honor.

1                 THE COURT: Well, in any event, let's make those  
2 changes and otherwise, I think I'm fine with this, all right?

3                 MR. SCHILLI: Thank you, Your Honor.

4                 THE COURT: Good enough.

5                 MR. LIESEMER: Thank you, Your Honor.

6                 MR. SCHILLI: And with that, I'm -- that wraps up the  
7 portion of the agenda that I was going to address. I'd like  
8 to --

9                 THE COURT: All right.

10                MR. SCHILLI: -- turn it over to Mr. Krisko.

11                Mr. Krisko.

12                MR. KRISKO: Thank you, Your Honor.

13                THE COURT: The lawyers are wearing out quickly this  
14 morning, aren't they?

15                MR. KRISKO: It has become a relay race, Your Honor.

16                The -- I'm going to address two motions, the Coltec  
17 asbestos bar date motion and then the motion to essentially  
18 approve the solicitation and voting procedures that were  
19 approved by this Court as applied to Garlock and extend those  
20 over to this case.

21                THE COURT: Okay.

22                MR. KRISKO: First, let me address the bar date  
23 motion. This is Docket Entry 20. This motion seeks to  
24 establish an asbestos claims bar date, just like there was an  
25 asbestos claims bar date in, in the, in the Garlock case. The

1 notion of an asbestos claims bar date for Coltec creditors is  
2 part of the comprehensive settlement.

3 THE COURT: Uh-huh (indicating an affirmative  
4 response).

5 MR. KRISKO: It's part of the CRP. It's part of the  
6 plan. The, the notice process in soliciting approval of the  
7 plan and descriptions in the disclosure statement have all  
8 talked about the intention of the parties to now seek this  
9 relief and have the Court establish March 24th as a bar date  
10 for Coltec asbestos claims at this time.

11 So that's been a fundamental part of what we've been  
12 doing in order to implement the comprehensive settlement.

13 The bar date itself is structured exactly as the  
14 Garlock bar date is structured and that is it applies to -- it  
15 doesn't apply to all claims. It applies to claims where a  
16 claimant has been diagnosed with an asbestos injury before --

17 THE COURT: Uh-huh (indicating an affirmative  
18 response).

19 MR. KRISKO: -- August 1st of 2014 and has either  
20 filed a claim in a, in a case or filed a bankruptcy trust  
21 claim.

22 So it draws the same line with Coltec claimants as it  
23 does with Garlock claimants in the Garlock case.

24 So in any event, the relief that we ask is, is to  
25 enter a bar date as of March 24th.

1               Now there's some exceptions to that, Your Honor, that  
2 will take burdens off of Coltec claimants that now have to file  
3 proofs of claims. And those exceptions are significant and  
4 that is, essentially, any individual that cast a ballot when  
5 Garlock solicited what we call the second amended plan, the,  
6 the contested plan, during 2015, if, if an individual cast a  
7 ballot in that process or filed a proof of claim in that  
8 process, he would be exempted from having to file a proof of  
9 claim as a Coltec claimant now. Likewise, Your Honor, the  
10 group that we solicited for this plan that had to file their  
11 ballots by December 9th of 2016, if those individuals cast a  
12 ballot, they would be exempted from having to file a bar date,  
13 having to file a proof of claim at this point as well.

14               So, you know, keeping in mind that when Garlock  
15 solicited the what we call the second amended plan and the, and  
16 the Garlock bar date was put in place --

17               THE COURT: Uh-huh (indicating an affirmative  
18 response).

19               MR. KRISKO: -- we, you know, I think the total  
20 numbers were over 170,000 claimants that filed. Those, all  
21 those individuals, should they seek to have a Coltec claim,  
22 would have their claims preserved. This last, this next  
23 solicitation, we had over 130,000 --

24               THE COURT: Uh-huh (indicating an affirmative  
25 response).

1                   MR. KRISKO: -- claimants, 70,000 specifically  
2 specifying that they were, they are Coltec claimants. None of  
3 those people either would have to file a proof of claim in  
4 response to this bar date.

5                   Substantial notice, Your Honor, has been given of this  
6 process. I mentioned it briefly, but recall that part of this  
7 whole solicitation notice process was the comprehensive, multi-  
8 media plan that the Court approved in the Garlock case back in  
9 July that included the national advertising and TV, newspapers  
10 across the country. It was significant. The -- now that said,  
11 you know, we're going, we are going to give -- we're going to  
12 now give notice again to Coltec --

13                  THE COURT: Uh-huh (indicating an affirmative  
14 response).

15                  MR. KRISKO: -- claimants through the processes that,  
16 that Mr. Schilli described. We're going to give actual notice  
17 to Coltec asbestos claimants. We're also going to run in  
18 connection with the national publication notice the notice of  
19 the bar date.

20                  And with that, Your Honor, we'd like the Court to  
21 enter the bar date as it applies to Coltec claimants. The  
22 motion and the notices and the order have been reviewed with  
23 the Committee and the FCR and, prior to their filing, and I  
24 believe we have the support of those constituencies on this  
25 motion, Your Honor.

1                   THE COURT: Okay.

2                   Parties wishing to be heard?

3                   (No response)

4                   THE COURT: None? Okay. Approved.

5                   MR. KRISKO: Okay.

6                   Your Honor, the next motion that the, well, for the  
7 solicitation motion, again, looks at the work, work did in July  
8 of last year as it pertains to setting the confirmation  
9 schedule, the solicitation process, the notice program, the  
10 Kinsella Media notice program, as well as the specifics of the  
11 balloting and the voting, the voting procedures that the Court  
12 approved.

13                  So this -- what this motion asks for, Your Honor, is  
14 to essentially apply the approvals the Court gave in the  
15 Garlock case to this case, both in terms of the notice program,  
16 the voting procedures, and the solicitation packages that, that  
17 we sent out soliciting the Coltec claimants prior to the filing  
18 of the petition.

19                  In addition, though, Your Honor, we're asking to, in  
20 this approval, for the Court to approve what we're calling  
21 supplemental solicitations, really supplemental notice of  
22 what's going on.

23                  So what we're going to do, again, is, is send directly  
24 to asbestos claimants and other parties in interest another  
25 package. It would have the disclosure statement, the plan. It

1 would have the order that the Court would enter, if it grants  
2 this motion, all within it so that we, we can be sure that all,  
3 you know, the parties in interest have notice of what's going  
4 on in the case, the case has been filed. They have  
5 opportunities to, to make objections and consider the  
6 disclosure statement. In many, if not most cases, they would  
7 have already received these materials when we did the  
8 solicitation prior to the filing of the petition, but we feel  
9 we should -- we feel it's necessary to do that again here in  
10 this context now that the case has been filed.

11                 With that, Your Honor, let me emphasize that, again,  
12 this motion like the others were approved by the ACC and the  
13 FCR. I would ask the Court to enter the order as presented.

14                 THE COURT: Any comments?

15                 (No response)

16                 THE COURT: Okay. Also approved.

17                 All right. Is that the bottom of your, yours?

18                 MR. CLODFELTER: Your Honor, that concludes the agenda  
19 for the Coltec case this morning unless the Court has other  
20 matters you wish to explore.

21                 THE COURT: Let me ask a question and just thinking  
22 ahead and you've probably already worked through these.

23                 The first question is we're going to jointly  
24 administer cases that are very similar in scope and, and  
25 nature. What are we going to do about compensation of

1 professionals? Are we going to bill separately or are we going  
2 to bill in one form and format and reserve the right to break  
3 them apart, or how do y'all propose to treat that or is that  
4 one of the future coming events in the case?

5 MR. CLODFELTER: It's likely a coming event, but it's  
6 a topic already under discussion, Your Honor, among the Garlock  
7 debtors and the --

8 THE COURT: Uh-huh (indicating an affirmative  
9 response).

10 MR. CLODFELTER: -- and the Coltec debtor. We've, we  
11 need to bring the Committee and the FCR into those discussions,  
12 now they've been appointed. But we're essentially proposing an  
13 allocation process wherever the task or assignment may be  
14 common to both cases. There will be matters, of course, that  
15 would be Garlock or Garrison unique or Coltec unique --

16 THE COURT: Uh-huh (indicating an affirmative  
17 response).

18 MR. CLODFELTER: -- and those, of course, would be  
19 charged to that particular case. But for most tasks associated  
20 with the plan, the joint plan, for example, those would be  
21 common to all the cases. There will be some exceptions even  
22 there in that category. We are discussing internally a form of  
23 allocation. We haven't yet had an opportunity to share that --

24 THE COURT: Uh-huh (indicating an affirmative  
25 response).

1                   MR. CLODFELTER: -- with the now-appointed committees  
2 in the Coltec case. We'd want an opportunity to generalize  
3 that discussion and bring it back to the Court.

4                   THE COURT: Okay.

5                   MR. CLODFELTER: I think we'll have that before the  
6 Court before anybody is submitting any applications for  
7 compensation.

8                   THE COURT: Okay. And give some thought to the fee  
9 examiner as well in, in that mix.

10                  MR. CLODFELTER: We will, Your Honor.

11                  THE COURT: As much as I like all of you, I really  
12 don't enjoy reviewing your fee applications *ad nauseam*. But  
13 that's something to put on the table as well, so.

14                  MR. CLODFELTER: Your Honor has put it on the table.  
15 It has occurred to me, but I have so far suppressed discussing  
16 it with anyone else. But now it's out in the open.

17                  THE COURT: All right. It's out in the open.

18                  In all seriousness, the, the amount of review that's  
19 required when the Court reviews those fee applications is, is  
20 pretty large and, frankly, gets me more immersed in the details  
21 of what you're doing day-to-day than what I prefer to be,  
22 particularly since we have a couple of other cases that have  
23 come in of late that would have similar demands.

24                  So Judge Hodges and I are probably the only people  
25 really advocating for fee examiners in cases and give fair

1 consideration to that. I realize by May things may have  
2 changed and if this joint plan gets confirmed, then we may not  
3 have the same circumstance.

4 But work that into your discussions as well.

5 MR. CLODFELTER: We will do so, Your Honor.

6 THE COURT: All right. Anything else to do in the  
7 OldCo/Coltec case?

8 (No response)

9 THE COURT: Okay. So am I correct that the only thing  
10 we have left in Garlock are the two matters, the Clephas relief  
11 from the automatic stay, that's been subsumed by the settlement  
12 that was entered, I think, yesterday, the consent order there,  
13 and then we have the joint motion to approve the settlement, if  
14 you will, with the Canadian provinces.

15 Anything else that we're dealing with today?

16 (No response)

17 THE COURT: Do you need a few minutes to get your  
18 papers organized to move on?

19 All right. Let's take five and let --

20 MS. KENNY: Your Honor, can I be excused for, for the  
21 rest of the hearing?

22 THE COURT: Yes. And any --

23 (Recess at 10:42 a.m.)

24

25

CERTIFICATE

I, court approved transcriber, certify that the  
foregoing is a correct transcript from the official electronic  
sound recording of the proceedings in the above-entitled  
matter.

6 /s/ Janice Russell

February 9, 2017

7 | Janice Russell, Transcriber

Date